# Market Update

## Treasury & Risk Oversight

Financial Services

July to December 2019

Practical Recruitment Solutions

**General Market Overview**

It's safe to say that 2019 has been one of the most challenging years to have worked as a FS focussed recruitment agency. In any given year the larger companies in this sector will offer multiple replacement and newly created roles to market across both the treasury and risk departments we cover. These in turn draw in talent from other places and more often than not these then need back-filling. Thus creating a ripple effect that fuels market activity for the year until the quieter Christmas period when things tend to settle down. The uncertainty the political situation has created paused decision making on hiring plans and put a halt on this annual cycle. This has placed increasing numbers of institutions, large and small, on headcount freeze this year. In some cases headcount freezes have included the movement of people internally as well as the ability to bring in new external hires. This, combined with the deliberation caused by the insecurity over the future economic landscape, has had a very profound effect on the overall job volumes and have in turn been the two main contributing factors as to why this year stands out.

The back end of the year, normally synonymous with reduced activity and inaction on the part of the hirer, has rather unsurprisingly bucked the trend. With a pile up of recruitment needs reaching critical mass we have seen pockets of recruitment in both first and second line teams which have at times included multiple vacancies in one discipline. This is a positive development and we carry this work, and subsequent optimism, with us in to 2020. The expectation is that this and the gradual paying of bonuses will act as a combined catalyst for increased people movement early next year.

We have noticed an interesting trend in HR sentiment emerging over the course of the year which was very similar to what we witnessed around 2010/2011. As volumes are lower and onsite recruitment teams have more time to focus on delivering directly sourced candidates to their line managers, there has been an increasing belief that the best talent is being identified. Those clients that offer their direct souring teams a short head start or those that run agencies alongside their direct sourcing team have seen that there is a significant part of the market that is only available through agencies. In almost all cases where we have been asked to provide example CV's as to who they are missing the production of the profiles has prompted the client to gain approval for us and our competitors to be involved. Something that's not been that easy for our partners in HR to get in this year.

Moving back to technical observations across the sector - we have seen a sharp increase in the number of Recovery & Resolution planning or solvent wind-down positions at various levels. Most notably we have watched many of our candidate contacts working in areas like capital or liquidity policy being poached internally, and at times externally, to move across and lead on work in this area. This trend is more acutely observed when you take into consideration the international need for this skillset across treasury and risk departments. Especially in those countries who are further behind on the implementation of these policies. There seems to be some healthy debate amongst these groups of candidates as to the value of such a move for them in the long run. The reasons for completing the switch vary depending on which candidate you speak to. Several see the need for their current roles as under threat and themselves as better off moving in the RRP / SWD direction to keep continuity of service. Others with a most positive view quote the topic as the next bubble area of focus and see long term advantages to having this kind of experience added to their CV's.

Activity across the European continent has been consistently high in the back end of this year - as it has been for the last few years. In particular banks who just have an entity in London have been looking for a team of people, or in some cases just one individual, who can support the local CFO (in a different European location) on all funding, capital and liquidity related matters. In particular these people will support the CFO with the management of the financial resources of the local bank, allocation and maintenance of capital, funding and liquidity within the bank, and Treasury activities within bank, including setting the funding and capital strategy for the whole entity. Although not quite big enough to be considered a stand out attribute, personal mobility and language skills are playing a greater part in the overall success of those making applications for these roles.

Regulatory changes have fuelled a renewed focus on the need for securitisation and secured funding experiences. For those bank treasurers that are most impacted by these regulatory developments the demand has been for those who can take responsibility for the accurate and timely delivery of secured funding programme reporting – both internal and external, including regulatory reporting. Where reporting isn't top of the agenda clients have asked us to find people who possess a deep knowledge of the mechanics and structure of Covered Bond and RMBS programmes, and the underlying mortgage collateral, to be able to present to wholesale investors when required.

An area of great interest across the recruitment industry more broadly has been the discussion around IR35 and the changes this will bring about for those that require contract resource. IR35 was originally introduced in 2000 to crack down on bogus self-employment and personal service companies, and ensure that any professional operating as an employee was being taxed and paying national insurance as such. One of the biggest issues when it first came out was the way it drove talent from the public sector to the private sector. This meant that the supply chains into many public sector bodies were stressed, and they found it difficult to replace the skilled talent they lost. HMRC have been very open about their desire to target the financial services industry and thus many of our clients have been preparing for this for some time. This coupled with the fact the public sector is already complicit with IR35 means its less likely such an exodus will be seen this time round. There is however no doubting the impacts these changes will have on the workers themselves, especially those whose lives are built around a higher level of net Income derived from paying money into a limited company as opposed to through a regular PAYE payroll scheme. It would seem that most of the contract positions in our Treasury and prudential risk teams will see significant change to day rates and payments methods as many roles are considered BAU and thus fall into the category of those that need to be aligned under IR35.

## Empirical Search

As a business we have used the reduced recruitment volumes as an opportunity for us to expand our offering in several new directions. Firstly, to continue to deliver our premium search service across the Treasury and prudential risk oversight markets but across a greater number of international locations. Secondly, we have been flexible to incorporate mandates in peripheral areas such as regulatory reporting or treasury audit and have successfully delivered in these fields also. Both these two expansions will now both be a core part of our delivery capability going forward.

We now have an increasing number of contractors working through us on client engagements across the sector. These include fixed term BAU opportunities to cover for maternity or sabbatical leavers, as well as project-based positions which are often extended beyond their initial terms. As such if you are looking for interim resource, we are better equipped than ever to be able to help with these mandates.

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